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ARMY ANNOUNCES FIRST DEVELOPMENT PARTNER

FOR RESIDENTIAL COMMUNITIES INITIATIVE

Secretary of the Army Louis Caldera announced the selection of the private development partner for Fort Hood, Texas, under the Army's new Residential Communities Initiative (RCI). Fort Hood Military Housing, LP, a joint venture between Lend Lease Actus of Napa, Calif. and Trammell Crow Residential, of Atlanta, Ga., is being awarded a contract for the Fort Hood family housing privatization project. In a collaborative effort, the developer and the Army will work together to jointly forge a Community Development and Management Plan (CDMP), which will be the blueprint for the Army's residential community at Fort Hood. This planning phase will take about six months. Upon acceptance of the CDMP by the Army, DoD and Congress, project implementation will begin. It is estimated that construction will begin in 2001.

"Our innovative approach to privatizing Army family housing under the Residential Communities Initiative is a great step towards getting our soldiers and their families the high quality family housing they deserve," Caldera said. "It is also a big step forward for the Army and how it does business in the 21st century."

At a press conference at the Pentagon, Assistant Secretary of the Army for Installations and Environment, Mahlon Apgar, IV, along with Rep. Chet Edwards, (11th - D, Texas) and co-chair of the House Army Caucus, and Maj. Gen. Geoffrey Miller, Deputy Chief of Staff for Personnel and Installation Management, U.S. Army Forces Command, talked about what this announcement means to the Army, its soldiers and family members, and the Fort Hood community. Officials said that RCI would enhance the quality of life for soldiers and their families by improving the existing on-post housing conditions.

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RCI CONTRACT ANNOUNCEMENT

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The project is valued in excess of \$4 billion over 50 years, and is expected to save the government

approximately \$300 million compared with traditional funding and management methods. Under RCI, the developer receives the soldiers' housing allowances as "rent," arranges the financing, and manages the entire process of designing, renovating, building and operating all of the family housing on an Army post. Currently, soldiers who live in government family housing do not receive BAH; however, under the housing privatization program, soldiers will receive BAH -- the same as their counterparts who live off-post. BAH is based on family status, rank and geographic location.

The CDMP will call for our development partner to renovate or build approximately 6,000 housing units to satisfy the family housing needs at Fort Hood. Fort Hood Military Housing, LP will own, manage and maintain the housing units; maintain the grounds of unoccupied and public areas; construct and maintain roads and infrastructure in associated areas; and reinvest profits for future renovations and replacements, including ancillary facilities, such as open areas, recreation facilities, and playgrounds. The developer will commit an estimated \$300 million for renovation and construction of the family housing at Fort Hood.

"We must provide our soldiers and their families with safe, attractive and affordable homes," Apgar said. "RCI is about designing, building and operating family communities that include not only housing but also the amenities and support services that most Americans enjoy in their neighborhoods."

This is the first contract to be awarded in RCI using the Army's new Request for Qualifications (RFQ) process. The RFQ emphasizes the following factors: experience; past performance of the developer in relevant projects; preliminary concept and strategy for Fort Hood; financial and organizational capabilities; expected financial return; and past and proposed use of small business subcontractors.

This RFQ process contrasts with the traditional government Request for Proposals (RFP) wherein firms submit detailed bids. "We have streamlined our procurement process in a manner that makes it easier and less expensive for developers to participate," Apgar said. "This allows us to select developers based upon their qualifications and then work with them as partners to develop the key aspects of the initiative in a Community Development and Management Plan."

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RCI CONTRACT ANNOUNCEMENT

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The Army has a shortage of more than 10,000 houses, inadequate housing conditions at most Army posts, and a \$6 billion dollar backlog which would take many years to alleviate under existing procedures.

"Our Army soldiers and their families deserve quality housing. This innovative program will give our 5,000 Fort Hood families better quality housing and neighborhoods dramatically faster than the traditional military construction program," said Congressman Edwards.

The Army's RCI pilot program is a major Administration and Department of Defense priority. Together with traditionally funded military construction and increased housing allowances, privatizing family housing under RCI is an essential element in solving this acute family housing

problem.

"Traditional military construction approaches alone cannot solve the problem of repairing over 200,000 units of inadequate and substandard military family housing. We need to work with the private sector to develop new and better housing. Implementation of the Military Housing Privatization Initiative at Fort Hood is one of the first major steps in that direction," said Representative Joel Hefley (5th - D, Colo.), Chairman of the House Armed Services Subcommittee on Military Installations and Facilities which authorized the legislation.

"Our ultimate goal is to eliminate all of the Army's inadequate housing, and create and sustain livable communities that improve the quality of life for our soldiers and their families," according to Apgar.

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